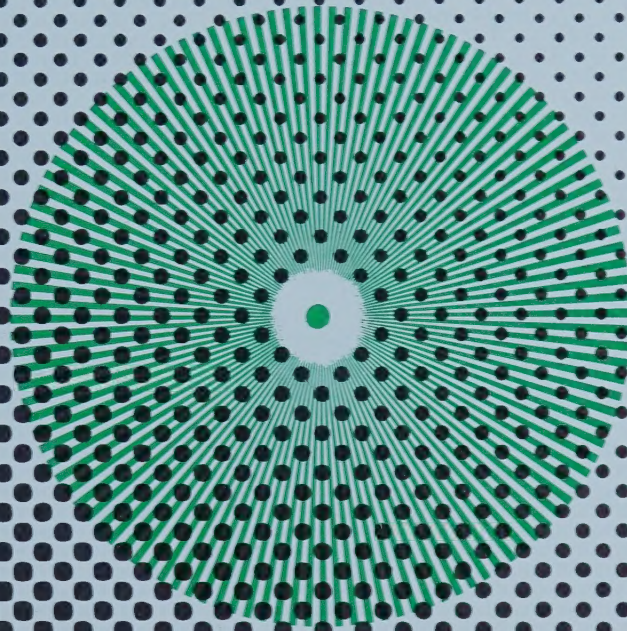


# EATON YALE & TOWNE INC. ANNUAL REPORT 1966

AR51





# highlights

## EATON YALE & TOWNE INC. and Consolidated Subsidiaries

| for the year                                   | 1966                 | 1965          | Increase |
|--|----------------------|---------------|----------|
| Net Sales . . . . .                            | <b>\$795,610,304</b> | \$701,706,918 | 13%      |
| Net Income . . . . .                           | <b>51,396,150</b>    | 43,759,924    | 17%      |
| All Taxes, except Excise Taxes . . . . .       | <b>66,089,815</b>    | 57,366,902    | 15%      |
| Expenditures for Plant and Equipment . . . . . | <b>43,460,652</b>    | 31,354,544    | 39%      |
| Depreciation and Amortization . . . . .        | <b>18,052,791</b>    | 15,075,303    | 20%      |
| <b>Per Common Share:</b>                       |                      |               |          |
| Net Income . . . . .                           | <b>3.45</b>          | 2.95          | 17%      |
| Cash Dividends . . . . .                       | <b>1.21</b>          | 1.08          | 12%      |
| All Taxes, except Excise Taxes . . . . .       | <b>4.50</b>          | 3.93          | 15%      |

## at the year end

|   |                      |               |     |
|---|----------------------|---------------|-----|
| Working Capital . . . . .                       | <b>\$174,430,627</b> | \$165,256,308 | 6%  |
| Total Shareholders' Equity . . . . .            | <b>299,621,893</b>   | 265,622,123   | 13% |
| Shareholders' Equity per Common Share . . . . . | <b>19.45</b>         | 17.21         | 13% |
| Number of Common Shares . . . . .               | <b>14,702,427</b>    | 14,601,002    | 1%  |
| Number of Common Shareholders . . . . .         | <b>39,048</b>        | 36,059        | 8%  |
| Number of Employees . . . . .                   | <b>38,469</b>        | 35,978        | 7%  |

See Notes to Financial Statements on Page 14 and Notes to Ten Year Financial Summary on Pages 16 and 17.

## annual meeting

The Annual Meeting of the Shareholders of Eaton Yale & Towne Inc. will be held at the principal office of the Company, 100 Erieview Plaza, Cleveland, Ohio, on Wednesday, April 19, 1967, at 11:00 A.M., Eastern Standard Time. A formal notice of the meeting together with a proxy statement and proxy form will be mailed to each shareholder about March 17, 1967.







# to our shareholders:

1966 was another record year for Eaton Yale & Towne Inc. as the Company shared in the country's economic expansion. New highs were achieved in total business and in earnings. Our consolidated net income increased by 17% over the preceding year on a gain of 13% in consolidated sales. All domestic product groups contributed to the improvement in sales.

Start-up costs at new domestic plants activated in 1966 affected our profits by about 10 cents a common share. Such costs are expected to be less in 1967. This year's profits also were affected by costly transfers of production from one plant to another at our E.N.V. group in England and by a five-week strike at the Fuller Transmission Division that ended on October 5, 1966. A partial offsetting influence was the U. S. investment tax credit of 7%, now suspended, on the cost of certain new equipment.

New plants which went into production during 1966 include a materials handling equipment facility in Salem, Virginia; addition of 210,000 square feet to our truck axle operation in Cleveland; a lock and hardware plant in Roanoke, Virginia; a mechanical power transmission facility in Gladstone, Michigan; an automotive spring operation in Chatham, Ontario, Canada; a hydraulic valve lifter plant in Wallaceburg, Ontario; and a new front end loader facility in Wednesfield, England. At Batavia, New York, we have doubled the area for making front end loaders.

In our continuing efforts to eliminate marginal operations and improve profitability, we closed our engine valve plant in Lawton, Michigan and transferred its tools and production to our large valve plant in Battle Creek, Michigan. We are now phasing out our stamping operation in Cleveland and our chassis leaf spring facility in

Lackawanna, New York, and transferring the machinery and tooling to other locations.

A 200,000 square foot plant in Shelbyville, Tennessee is under construction in which production should be commenced by the second quarter of 1967. This facility will enable us to increase output of our Fuller ROAD-RANGER truck transmission for which demand far exceeds our present capacity. Our new hydraulic truck retarder will also be made at this plant.

Capital expenditures for 1966 increased by 39% over the preceding year. Of these investments, 25% was spent on land and buildings to increase capacity and 75% on machinery, equipment and tools to expand production and achieve greater efficiency. Capital spending in 1967 is expected to be lower than in 1966, with a large concentration coming in the first quarter.

International operations, as a group, turned in a good sales performance but were below their profit goals for 1966. Encouraging progress was made in Argentina, Mexico and Italy.

The principal problem areas were England and West Germany. The British austerity program adversely affected industry in general. In addition, our E.N.V. group in England, which produces axles, transmissions and gears, sustained acute labor problems which forced us to transfer production between a number of plants with resulting heavy non-recurring expenses. Plans to correct this situation show promise. West Germany is experiencing a recession in its economy which has affected industry in that country.

Our *technology for tomorrow*, discussed on pages 18 to 25, is the theme of this Annual Report. Today's research and engineering capabilities of your Company provide the strengths for the development of new and improved products for tomorrow.



Expenditures for research and development in 1966 increased more than 18% over the previous year and there is every indication that such expenditures will rise again in 1967. Some of our new products are discussed in the section which follows this letter.

In looking to 1967, we believe that Eaton Yale & Towne is better able to cope with the usual and the unusual problems than it was a few years ago. By internal growth and by acquisitions we now enjoy a volume of business large enough to support continuous research and development, giving us the ability both to improve present products and to develop new items.

Although the Company's sales volume to date in 1967 compares favorably with that for the same period a year ago, profits have declined due in part to higher material and labor costs and to expenses resulting from abnormal adjustments of production schedules. In addition, results to date have been adversely affected by weakened economic conditions in West Germany, England and Brazil, and it cannot now be determined how long and to what extent such conditions will continue. For these reasons, as well as the possibility of a higher tax rate, we cannot accurately predict what 1967 will bring for your Company.

Sincerely,

*John C. Virden*  
Chairman of the Board

*E. L. Ludvigsen*  
President



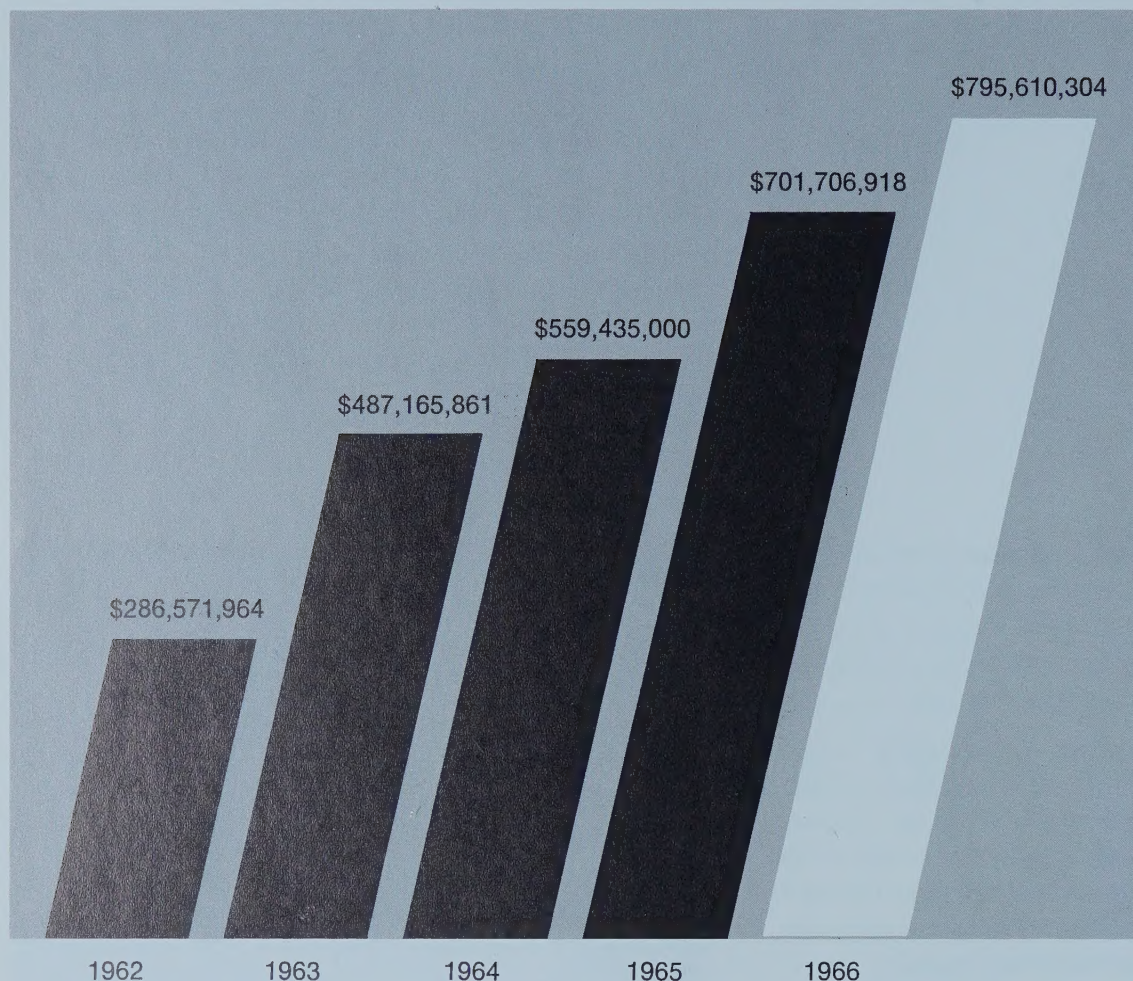
John C. Virden

E. L. Ludvigsen

February 24, 1967



# 1966—another year of growth



## net sales

### sales and profits set records

Consolidated net sales of all products and services of Eaton Yale & Towne's worldwide organization in 1966 rose to a record of \$795,610,304 from \$701,706,918 in 1965. Consolidated net income for last year totaled \$51,396,150, as compared with 1965's \$43,759,924. It was the fourth consecutive year that the Company attained record highs in sales and profits.

Net income for 1966, after allowing for dividends on the preferred stock, was equal to \$3.45 a common share compared with \$2.95 in 1965 after adjustment for a 2-for-1 split.

### stock split, dividend raised

Coincident with the announcement of a 2-for-1 split in common shares, effective last July, the board of directors increased the quarterly dividend rate 14%. The higher payment places the common shares on an an-

nual dividend of \$1.25, compared with the previous \$1.10 a share. The dividend has been increased in each of the last three years.

### capital expenditures reach new high

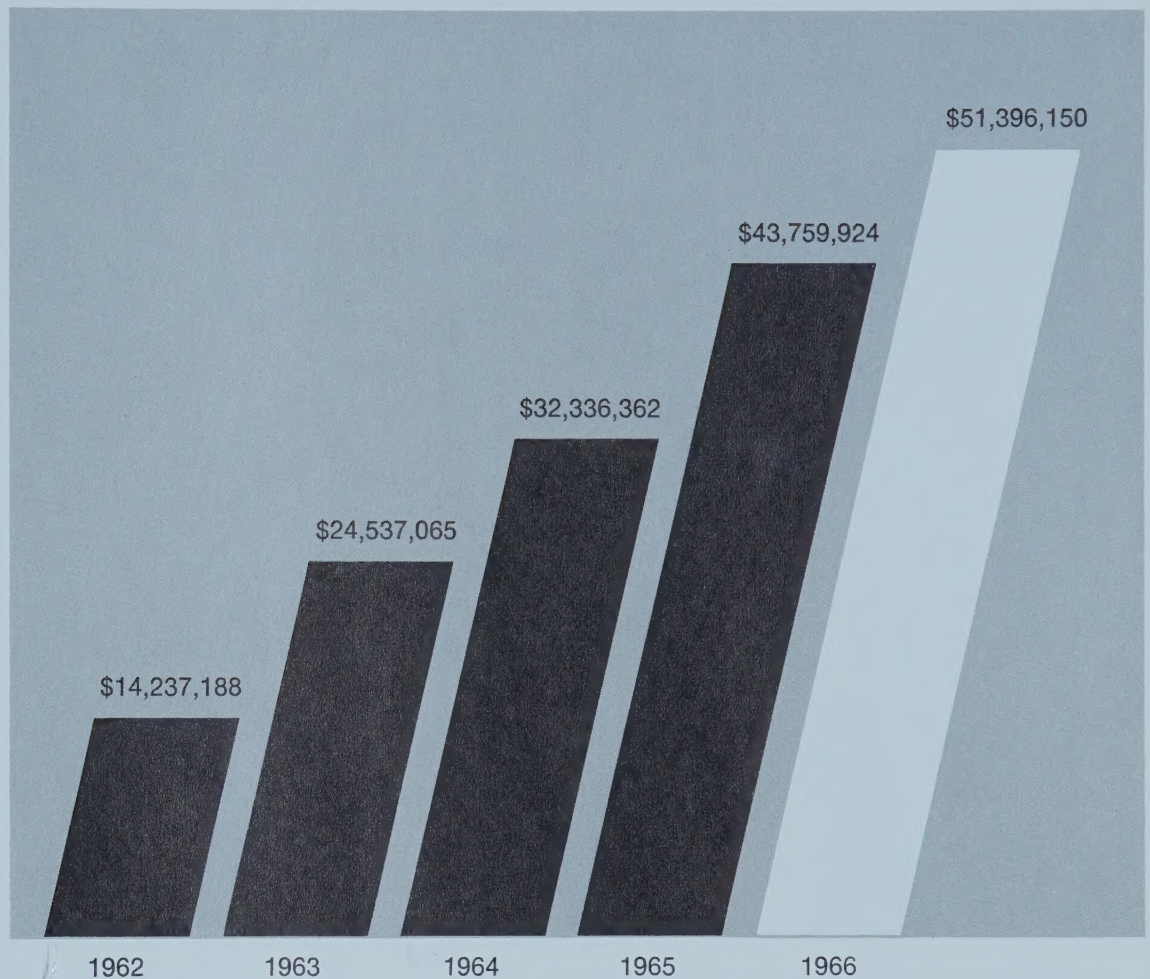
Investments in new plants and equipment in 1966 totaled \$43,460,652, or 39% above 1965. Depreciation and amortization charges last year were \$18,052,791 as compared with \$15,075,303 in the previous year. The United States investment tax credit of 7% on the cost of certain equipment amounted to \$1,220,034 in 1966 as against \$1,131,392 in 1965.

Working capital increased to \$174,430,627 at the end of 1966 from \$165,256,308 a year earlier.

### research group active in car safety

Eaton Yale & Towne's large research and engineering staffs intensified their activities in the development of





net income

automotive safety features. The hydraulic retarder is one example of the success of the Company's efforts in truck safety. This permits safer descents on long hills by reducing the load on the conventional brakes. Another safety-oriented item is the road speed control device for passenger cars which eases the tedium of long turnpike driving. A project on which significant engineering progress was made last year is an energy absorbing system which protects the driver and passengers in the event of an auto collision.

New products introduced last year in other areas include electronic controls and components for industrial drives and hoisting equipment; advanced models of fork lift trucks and front end loaders; a constant velocity universal joint for passenger cars; an improved truck axle design with many special features; additions to the Fuller ROADRANGER transmission line in the

smaller sizes; a unique fresh water cooling system for marine inboard engines; and a new expansion valve for use in automotive air conditioning systems.

A new product with strong potential is the Company's hydrostatic transmission for the fast-growing garden tractor market. Called the MARSHALLMATIC, its single lever gives the effect of an automatic transmission and provides easier and more positive control than conventional methods in operating a garden tractor.

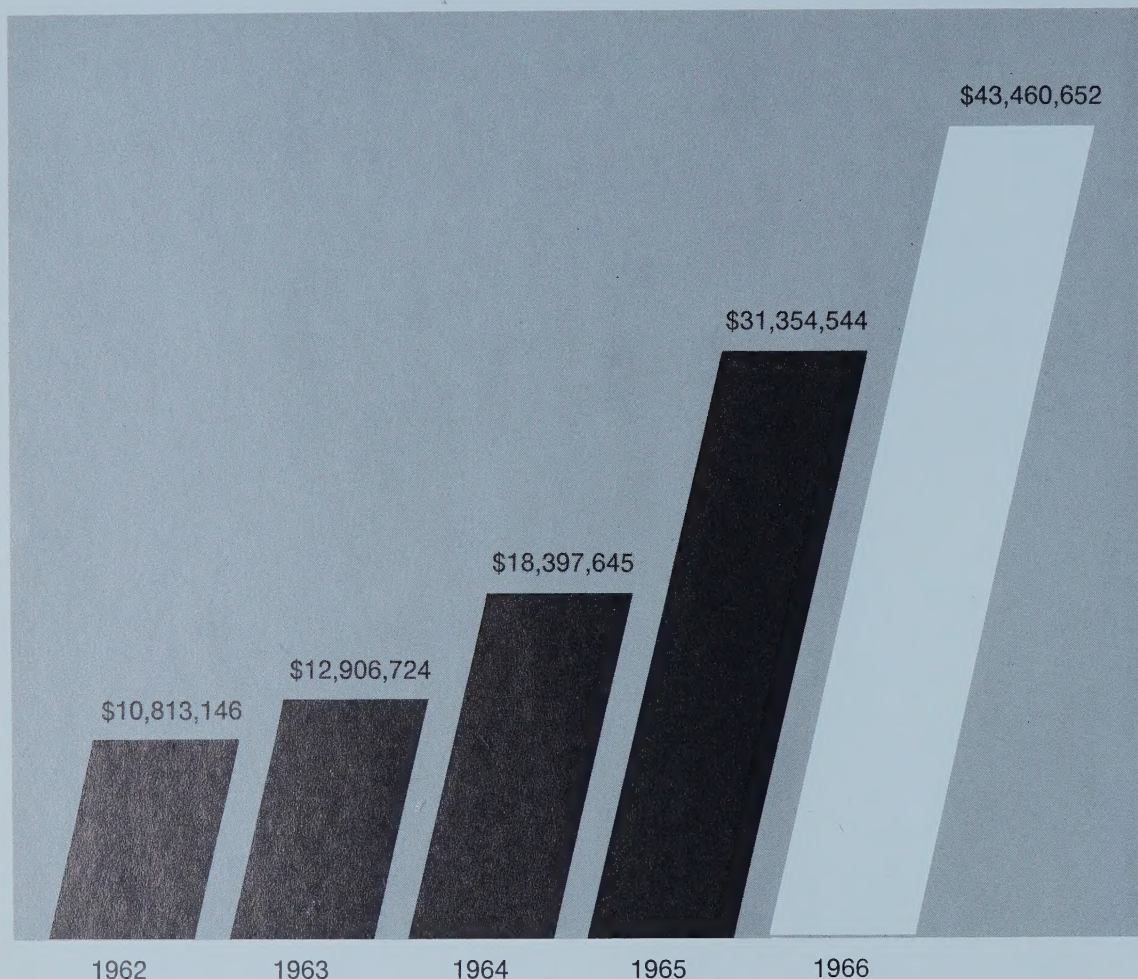
#### **domestic operations broadened**

Eaton Yale & Towne's wide variety of products ranging from appliance controls and door pulls to fork lift trucks and large front end loaders gives it an important stake in the total economy. A chart on page 10 shows the sales contribution of each of the five product groups.

The Materials Handling Equipment Group attained its



# 1966—another year of growth (continued)



## capital expenditures

fifth consecutive year of record sales of industrial lift trucks and hoisting equipment. This group, now in its 91st year of making materials handling equipment, introduced many improvements in its product lines last year. Also, it substantially expanded its productive capacity to satisfy customer demands for faster deliveries and for additional cost-saving features in fork lift trucks and hoisting systems.

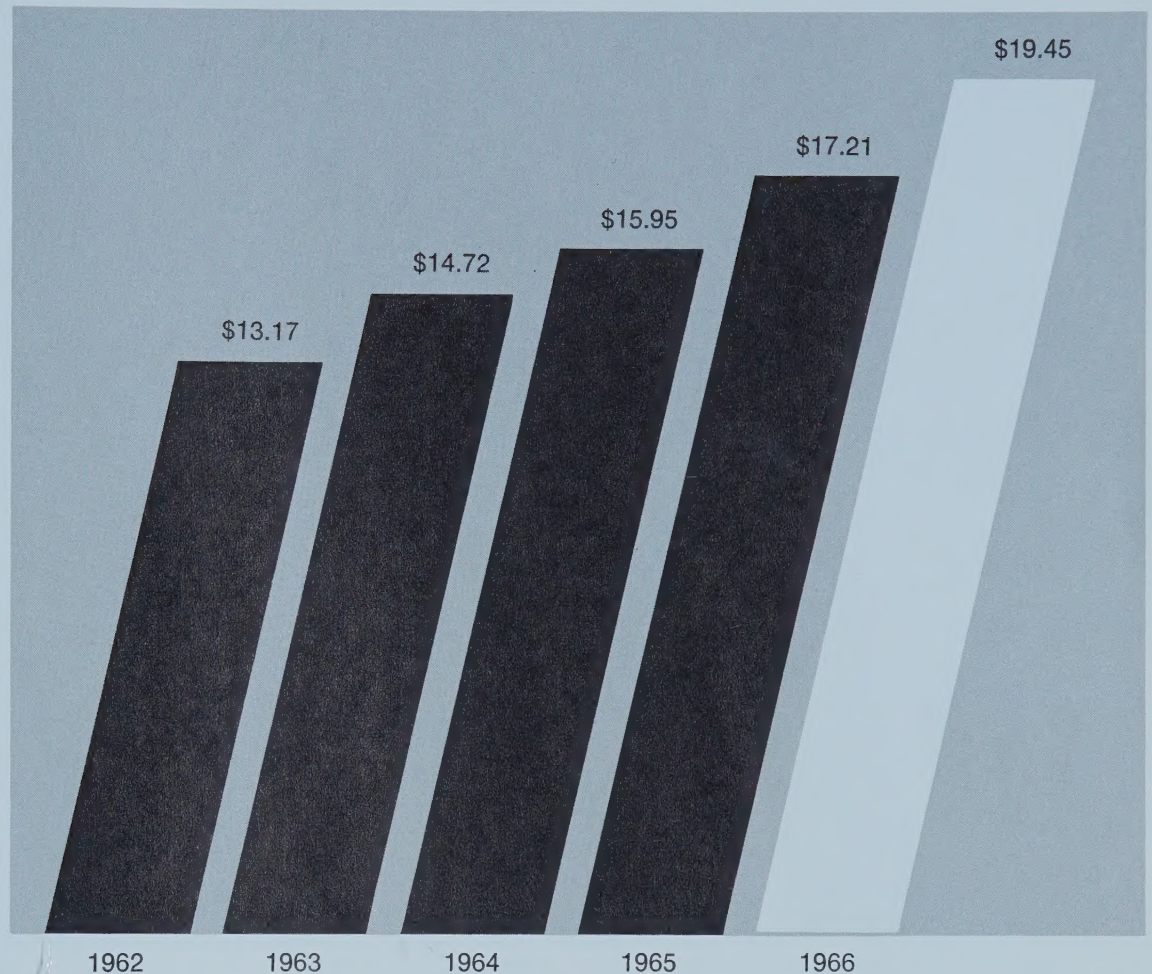
In the General Products Group, addition of the Mechanical Power Transmission Division in 1966 further strengthened the Company's role as a leading producer of power transmission equipment. Typical of the successes in the development of sophisticated controls for various systems are such things as a bearing temperature monitoring control, improved solid-state controls to simplify electric circuitry designs and electronic components for photo-copier machines and for auto-

matic weighing systems. Sales of several of the divisions in this group, which make a broad range of products sold to consumers and industrial customers, were limited only by production capacity.

With the expanding use of heavy-duty trucks, the Truck and Off-Highway Components Group of divisions accounted for a large portion of Eaton Yale & Towne's total sales in 1966. Demand for the proprietary Twin Countershaft ROADRANGER truck transmissions continues to exceed the Company's capacity to produce this product. Eaton Yale & Towne's broad lines of tandem drive truck axles of 2-Speed and 3-Speed variety, which permit increased payload and reduce maintenance costs, held their dominant position in the industry. Trailer axles with larger carrying capacity were introduced during the year.

Although 1966 was only the second highest auto year,





shareholders' equity per common share

sales of passenger car products by the Automotive Products Group were greater than ever before. The divisions in this group obtained a larger share of the market in such items as hydraulic lifters, limited slip differentials and viscous fan drives. The gradual transition from mechanical engine valve tappets to hydraulic lifters by auto manufacturers has generated considerable new business. In another area, records were set for the Company's automotive air conditioning sales.

In 1966, the completion of two new facilities in Canada for producing automotive leaf springs and hydraulic lifters was another highlight of the plant expansion program. The addition of these two plants was prompted by the 1965 Automotive Trade Agreement between the United States and Canada which has created new concepts of regional marketing practices.

The Company's Lock and Hardware Group won over

keen competition for installations in a large number of public, educational and commercial buildings. The structures range from New York City's Federal Office Building to the Houston International Airport and the San Diego Stadium. The heavy demand for the Company's locks and builders' hardware in non-residential structures more than offset the general decline that occurred in residential markets in 1966, resulting in an increase in total sales for this product group over 1965.

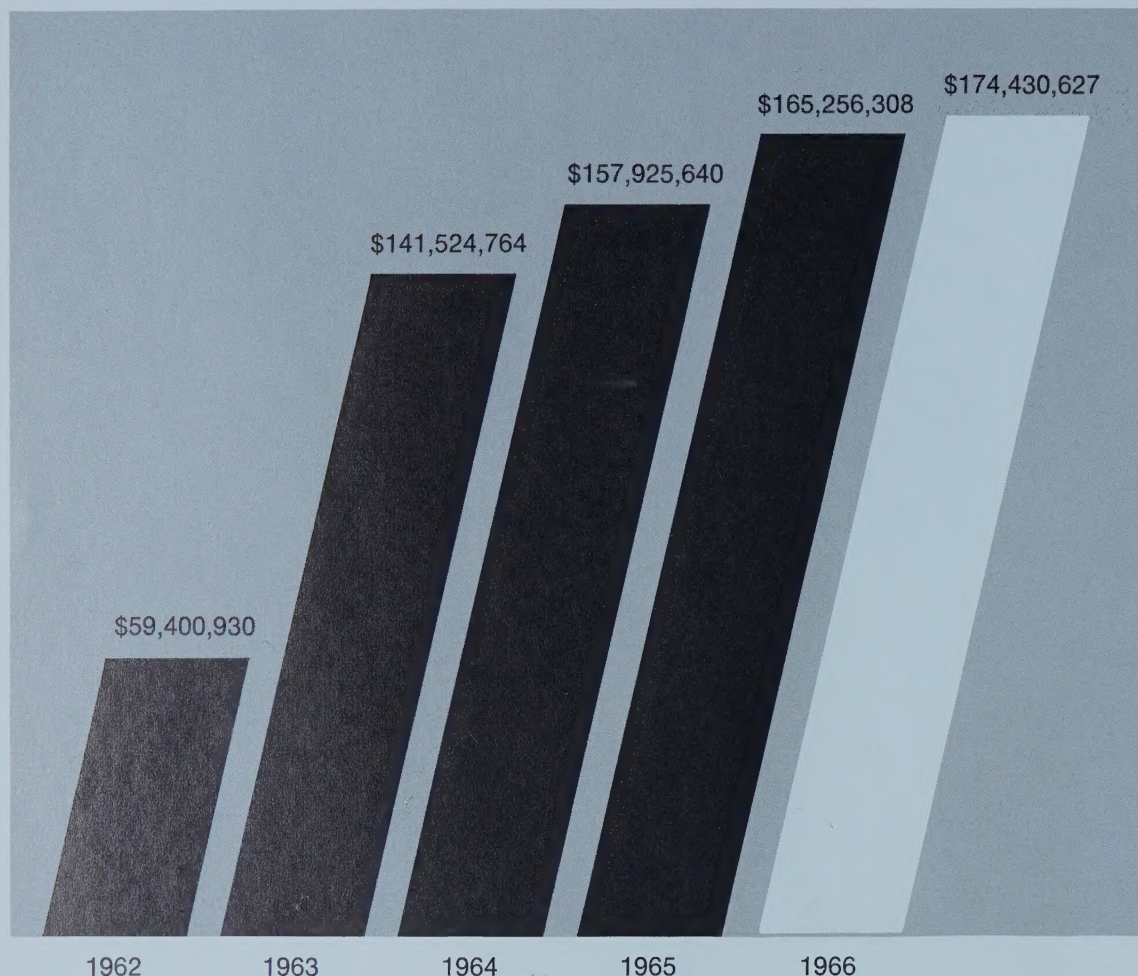
The Company introduced attractive colored chrome plating to its YALE lock and hardware lines, as well as a completely new push-pull latch for hospitals and other institutional applications.

#### **international operations expanded**

Except for the problems encountered in England and West Germany, good progress was made in 1966 in the overseas operations. Production of lift trucks and front



# 1966—another year of growth (continued)



## working capital

end loaders was started in Brazil where, through imports from the United States over the years, Eaton Yale & Towne has the largest share of the lift truck business. In Argentina, passenger car drive axles have been added to the Company's single and 2-Speed truck axle line. In Spain, a former minority ownership in Eaton Iberica, S.A., a truck axle and transmission manufacturer, was expanded to a majority interest, and lock and hardware operations were started in Scotland. All Canadian lock and hardware activities are being centralized in a plant near Toronto which was acquired in 1966 along with the HOLLYMADE brand of locks and hardware.

In Mexico, a level of truck axle production that was originally projected for 1970 was exceeded last year and a materials handling equipment operation was successfully launched. Capacity to produce engine valves

was expanded in Italy by 25% to meet commitments to the domestic and export markets. In England, steps were taken to further increase the manufacture of front end loaders through the completion of a new facility for making this line of products.

The British austerity program affected that country's industry in general. In addition, acute labor problems at the Company's London plant forced the transfer of axle production from this location to the Aycliffe plant in northern England and the concentration of truck transmission output in Manchester. This has resulted in losses from the E.N.V. operations. Progress has been made in correcting the situation, but the Company's performance in England will continue to be adversely affected during much of 1967.





research and development expenditures

England is the largest truck exporter in the world and offers a tremendous market for Eaton Yale & Towne's axles, transmissions and related products.

#### **executive staff changes made**

E. M. de Windt, formerly Group Vice President-International, was elected Executive Vice President-Operations and director effective January 1, 1967.

F. I. Goodrich, Vice President-Administrative, Corporate Services, also became a director January 1, 1967. The addition of Mr. Goodrich and Mr. de Windt brought the Board up to its full complement of 16 members.

Logan Monroe, Vice President-Administrative and a director, retired on December 31, 1966 after nearly 47 years of service.

R. G. Allan, General Manager of the Trojan Division,

was elected as Vice President-Construction Equipment in May, 1966.

#### **young group manages company**

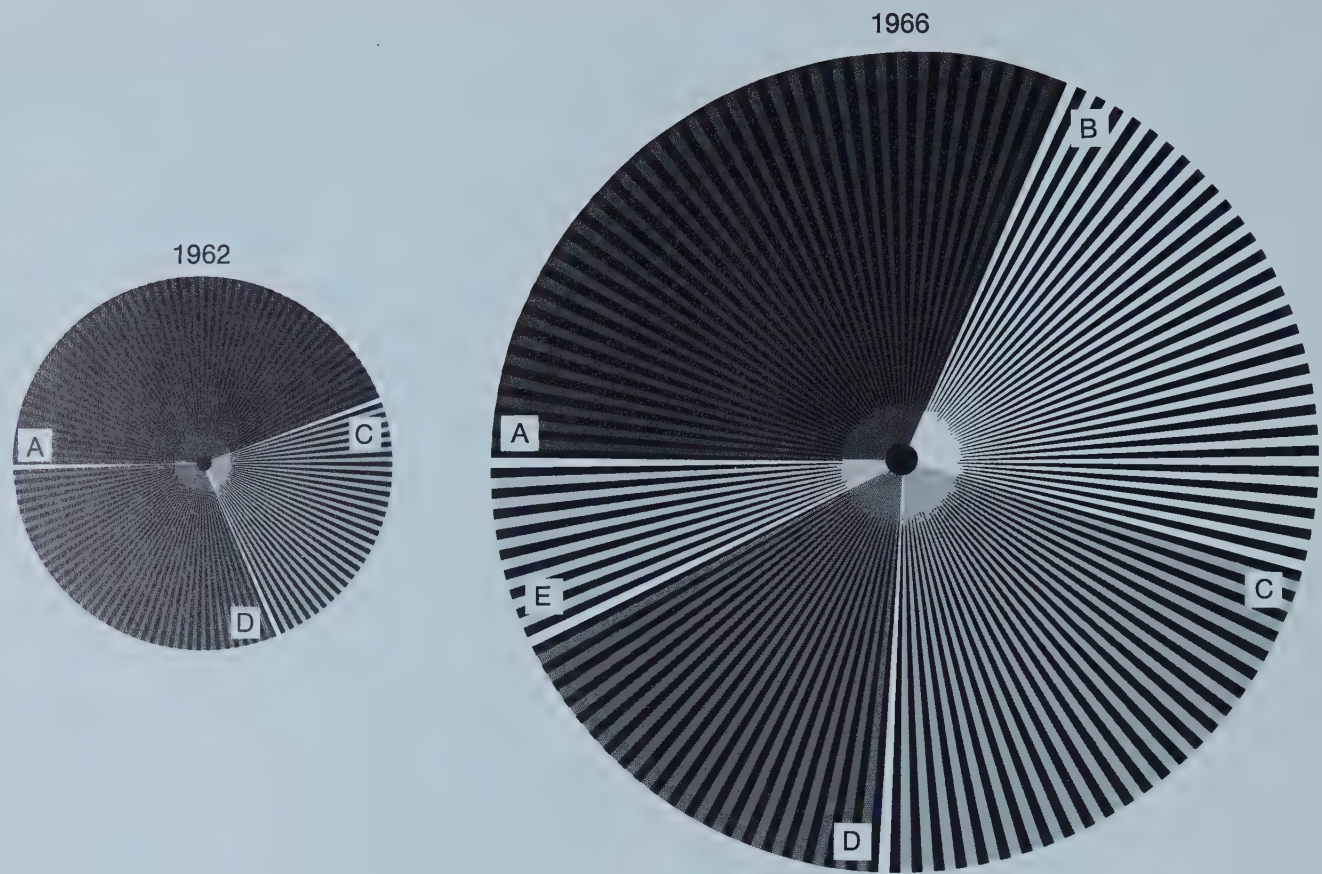
The future of the Company is in the hands of a relatively young but experienced group of officers and division general managers. The average age of this group is 49 years.

At the end of 1966, the worldwide Eaton Yale & Towne organization consisted of 38,469 people. Among the 27,921 United States employees are 3,650 with a service record of 25 years or more. Over 200 have the distinction of serving the Company at least 40 years.

Ninety-seven per cent of the employees in this country contributed to United Appeal campaigns in 35 plant cities and the average level of their giving ranks high



# 1966—another year of growth (continued)



## product diversification

|   | 1962 | 1966 |
|---|------|------|
| A Truck & Off-Highway Components . . . . .        | 44%  | 31%  |
| B Materials Handling & Construction Equipment . . | —0—  | 22%  |
| C Control Systems & General Products . . . . .    | 24%  | 21%  |
| D Passenger Car Products . . . . .                | 32%  | 18%  |
| E Locks & Builders' Hardware . . . . .            | —0—  | 8%   |

in each community. Many of them are active workers in charitable fund-raising drives and are devoting much of their spare time to health, welfare and safety activities, youth work, educational programs, service organizations and cultural development.

The Company's good employee relations, always an important asset in the continuing success of operations, will play an even more important role in 1967. This year collective bargaining agreements covering over half of the Company's hourly employees in the United States and Canada will be open for negotiations. While difficult

bargaining is anticipated, no insurmountable obstacles are expected.

### total shareholders increased

As a result of the 2-for-1 split in the common shares which made the price more attractive to smaller investors, and because of the Company's consistent growth record, the number of common shareholders of Eaton Yale & Towne increased to 39,048 at the end of 1966, a gain of nearly 3,000 over 1965. This represents the largest annual gain in recent years.



# statement of income and earnings retained for use in the business

EATON YALE & TOWNE INC. and Consolidated Subsidiaries

|  | Year Ended December 31 |                      |
|--|------------------------|----------------------|
|  | 1966                   | 1965                 |
| Net sales . . . . .  | \$795,610,304          | \$701,706,918        |
| Other income — net . . . . .   | 4,349,993              | 3,031,334            |
|  | <u>\$799,960,297</u>   | <u>\$704,738,252</u> |
| Costs and expenses (including provisions for depreciation and<br>amortization of \$18,052,791 in 1966 and \$15,075,303 in 1965): |                        |                      |
| Cost of products sold . . . . .  | \$604,327,557          | \$535,434,312        |
| Selling, administrative, research and development expenses . . . .   | 89,127,603             | 75,737,705           |
| Interest expense . . . . .   | 5,403,357              | 3,487,988            |
| Provision for restricted currency income, exchange losses<br>and interests of minority shareholders . . . . .                    | 3,180,630              | 4,746,323            |
| Provision for income taxes . . . . .   | 46,525,000             | 41,572,000           |
|  | <u>\$748,564,147</u>   | <u>\$660,978,328</u> |
| NET INCOME . . . . .   | \$ 51,396,150          | \$ 43,759,924        |
| Special charge — adjustment to underlying net assets of<br>subsidiaries at date of consolidation . . . . .                       |                        | 8,909,989            |
| NET INCOME LESS SPECIAL CHARGE . . . . .   |                        | <u>\$ 34,849,935</u> |
| Earnings retained at beginning of year . . . . .   | 190,090,829            | 171,583,851          |
|  | <u>\$241,486,979</u>   | <u>\$206,433,786</u> |
| Cash dividends paid:   |                        |                      |
| Preferred — \$1.19 a share . . . . .   | \$ 657,580             | \$ 678,754           |
| Common — \$1.21 a share in 1966 and \$1.08 a share in 1965—Note G  | 17,786,410             | 15,664,203           |
|  | <u>\$ 18,443,990</u>   | <u>\$ 16,342,957</u> |
| EARNINGS RETAINED AT END OF YEAR . . . . .   | <u>\$223,042,989</u>   | <u>\$190,090,829</u> |
| Net income per Common Share—Note G . . . . .   | \$ 3.45                | \$ 2.95              |

See Notes to Financial Statements on page 14



# statement of financial position

EATON YALE & TOWNE INC. and Consolidated Subsidiaries

## assets

|  | <u>Dec. 31, 1966</u> | <u>Dec. 31, 1965</u> |
|--|----------------------|----------------------|
| <b>Current Assets</b>  |                      |                      |
| Cash . . . . .   | \$ 24,438,236        | \$ 27,917,074        |
| Marketable securities — at cost plus accrued interest,<br>which approximates market . . . . .            | 356,794              | 3,299,307            |
| Accounts and notes receivable less allowances<br>of \$1,900,000 (\$1,522,000 in 1965) . . . . .          | 114,549,857          | 100,670,516          |
| Inventories — at lower of cost (principally at<br>current standards) or market — Note B . . . . .        | 193,682,233          | 162,096,673          |
| Prepaid expenses . . . . .   | 3,422,901            | 3,642,637            |
| <b>Total Current Assets</b> . . . . .  | <b>\$336,450,021</b> | <b>\$297,626,207</b> |
| <br><b>Investments and Other Assets</b>  |                      |                      |
| Investments in and advances to unconsolidated<br>subsidiaries and associate companies — Note A . . . . . | \$ 7,579,273         | \$ 6,063,765         |
| Miscellaneous assets . . . . .   | 2,506,289            | 1,549,272            |
|  | <b>\$ 10,085,562</b> | <b>\$ 7,613,037</b>  |
| <br><b>Property, Plant and Equipment</b>   |                      |                      |
| Land — at cost . . . . .   | \$ 5,670,211         | \$ 4,496,500         |
| Buildings and equipment — at cost . . . . .  | 290,763,309          | 250,796,652          |
|  | <b>\$296,433,520</b> | <b>\$255,293,152</b> |
| Less allowances for depreciation and amortization . . . . .  | 139,806,607          | 126,830,740          |
|  | <b>\$156,626,913</b> | <b>\$128,462,412</b> |
| <br><b>Intangible Assets and Deferred Charges</b> . . . . .  | <b>2,766,127</b>     | <b>3,345,656</b>     |
|  | <b>\$505,928,623</b> | <b>\$437,047,312</b> |



## liabilities and shareholders' equity

|   | Dec. 31, 1966        | Dec. 31, 1965        |
|---|----------------------|----------------------|
| <b>Current Liabilities</b>  |                      |                      |
| Due to banks . . . . .  | \$ 59,613,495        | \$ 30,863,519        |
| Accounts payable . . . . .  | 57,386,779           | 50,621,847           |
| Payrolls and additional compensation . . . . .  | 11,488,622           | 12,242,636           |
| Taxes other than income taxes . . . . .   | 5,381,885            | 6,403,192            |
| Federal, state and foreign income taxes . . . . .   | 27,775,426           | 31,930,642           |
| Current portion of long-term liabilities . . . . .  | 373,187              | 308,063              |
| <b>Total Current Liabilities</b> . . . . .  | <b>\$162,019,394</b> | <b>\$132,369,899</b> |
| <b>Long-Term Liabilities</b>  |                      |                      |
| 4% % Debentures Due 1988—Note C . . . . .   | \$ 25,000,000        | \$ 25,000,000        |
| Unsecured promissory notes due 1968 to 1979 . . . . .   | 3,475,327            | 907,946              |
| Total long-term debt due beyond a year . . . . .  | \$ 28,475,327        | \$ 25,907,946        |
| Other long-term liabilities . . . . .   | 3,869,251            | 4,715,783            |
| Deferred federal income taxes . . . . .   | 3,837,712            | 2,857,000            |
|   | <b>\$ 36,182,290</b> | <b>\$ 33,480,729</b> |
| <b>Reserves for Restricted Currency Income<br/>and Interests of Minority Shareholders—Note A</b> . . . . .  | <b>8,105,046</b>     | <b>5,574,561</b>     |
| <b>Shareholders' Equity</b>   |                      |                      |
| Capital Stock:  |                      |                      |
| 4¾ % Cumulative Convertible Preferred Shares,<br>par value \$25.00 per share—Note D:                        |                      |                      |
| Authorized 600,000 shares   |                      |                      |
| Outstanding 538,706 shares at December 31, 1966 . . . . .   | \$ 13,467,650        | \$ 14,288,825        |
| Common Shares, par value \$.50 per share—Notes D, E, and G:   |                      |                      |
| Authorized 20,000,000 shares  |                      |                      |
| Outstanding 14,702,427 shares (after deducting 60,312<br>shares in treasury) at December 31, 1966 . . . . . | 7,351,214            | 7,300,501            |
| Capital in excess of par value—Note E . . . . .   | 55,760,040           | 53,941,968           |
| Earnings retained for use in the business—Notes A and C . . . . .   | 223,042,989          | 190,090,829          |
|   | <b>\$299,621,893</b> | <b>\$265,622,123</b> |
|   | <b>\$505,928,623</b> | <b>\$437,047,312</b> |

See Notes to Financial Statements on page 14



# notes to financial statements

## EATON YALE & TOWNE INC. and Consolidated Subsidiaries

*For the year ended December 31, 1966*

### **Note A—Principles of Consolidation and Equity in Subsidiaries:**

The consolidated statements include the accounts of the Company and all subsidiaries except finance subsidiaries. Income of subsidiaries in areas subject to currency restrictions has not been included in consolidated net income.

Financial statements of foreign divisions and subsidiaries have been translated at the appropriate rates of exchange into United States dollars, and the resulting gains or losses (which were not material in amount) were included in the income statement. Net current assets and net assets of such divisions and subsidiaries amounted to approximately \$39,300,000 and \$71,600,000, respectively, at December 31, 1966, and their net sales and the Company's equity in their net income for 1966 were approximately \$152,000,000 and \$3,000,000, respectively.

Investments in the unconsolidated finance subsidiaries are carried at equity and associate companies are carried at cost.

### **Note B—Inventories:**

Inventories at December 31, 1966, consisted of finished and in process of \$155,111,926, raw materials of \$32,178,247, and manufacturing supplies of \$6,392,060.

### **Note C—Long-term liabilities:**

Restrictions under the 4% debenture agreement include a provision which limits dividends on common shares of the Company and amounts paid for purchases of its own shares, under which retained earnings of approximately \$114,000,000 were available at December 31, 1966, for such dividends and purchases. The Company is required to make annual sinking fund payments to the trustee under the indenture for each of the years 1969 through 1987 in an amount sufficient to redeem \$1,250,000 of the debentures. The debentures are optionally redeemable by the Company at 103.7% through July 14, 1967, and at decreasing prices thereafter, except that no such optional redemption may be effected prior to July 15, 1968, from or in anticipation of funds borrowed at an interest cost of less than 4.4%.

### **Note D—Preferred Shares:**

The Company may at its option from and after September 1, 1969, on 30 days' notice, redeem all or any part of the preferred shares at \$25.50 per share to and including August 31, 1970, at \$25.25 per share to and including August 31, 1971, and at \$25.00 per share from and after September 1, 1971, plus all dividends accrued or in

arrears thereon, whether or not earned, to the redemption date. Preferred shares may be converted, at any time, into common shares at the rate of one common share for each preferred share, subject to certain anti-dilution provisions. At December 31, 1966, 538,706 unissued common shares were reserved for the conversion of preferred shares. The holders of preferred shares have generally the same voting rights as the holders of common shares.

### **Note E—Stock Options:**

During the year shareholders approved a new Qualified Stock Option Plan under which options may be granted to managerial employees to purchase up to 600,000 common shares at fair market value at the time the option is granted. Options under this plan may be exercised after eighteen months of continuous employment from date of grant as to twenty-five per cent of the shares subject to the option and after each additional year of continuous employment the option is exercisable as to an additional twenty-five per cent.

At December 31, 1966, selected managerial employees held options under this and prior plans to purchase 348,199 shares at prices ranging from \$10.645 to \$25.875 per share, of which options for 144,176 shares were exercisable. During 1966, options for 145,795 shares were granted at \$25.875 a share and 68,634 shares were sold under option contracts at prices ranging from \$10.645 to \$18.38. At December 31, 1966, 454,205 shares were reserved for future grants.

The increase of \$1,818,072 in capital in excess of par value resulted from the sale of common shares under the stock option plans (\$1,014,147) and the conversion of 32,847 preferred shares.

### **Note F—Pensions:**

The estimated unfunded past service costs under the companies' pension plans amounted to approximately \$55,000,000 at December 31, 1966. The annual cost of the funded and unfunded plans, at the current rate of operations and including amortization of past service costs, amounts to approximately \$9,460,000.

### **Note G—Stock Split:**

On July 15, 1966, the number of authorized Common Shares of the Company was changed from 10,000,000 to 20,000,000 shares and each previously authorized common share with a par value of \$1.00 was changed into two shares with a par value of \$.50. Net income and dividends per share are shown after giving retroactive effect to this change.



# statement of source and application of funds

EATON YALE & TOWNE INC. and Consolidated Subsidiaries

|   | Year Ended December 31 |                      |
|---|------------------------|----------------------|
|   | 1966                   | 1965                 |
| <b>Source of Funds</b>  |                        |                      |
| From operations:  |                        |                      |
| Net income . . . . .  | \$ 51,396,150          | \$ 43,759,924        |
| Depreciation and amortization . . . . .   | 18,052,791             | 15,075,303           |
| Deferred federal income taxes, currency restricted<br>income and minority interests . . . . . | 3,511,197              | 6,062,727            |
| TOTAL FROM OPERATIONS . . . . .   | \$ 72,960,138          | \$ 64,897,954        |
| Net increase in notes payable to banks . . . . .  | 30,470,825             | 11,271,465           |
| Increase in other current liabilities . . . . .   | 899,519                | 31,248,619           |
| Sale of common shares under stock option plans . . . . .                                      | 1,048,464              | 1,278,657            |
| Changes in cash and marketable securities . . . . .   | 6,421,351              | (1,753,301)          |
|   | <u>\$111,800,297</u>   | <u>\$106,943,394</u> |
| <b>Application of Funds</b>   |                        |                      |
| Cash dividends . . . . .  | \$ 18,443,990          | \$ 16,342,957        |
| Increase in inventories . . . . .   | 31,585,560             | 37,914,722           |
| Increase in accounts and notes receivable . . . . .   | 13,879,341             | 29,178,450           |
| Additions to property, plant and equipment . . . . .  | 43,460,652             | 31,354,544           |
| Other — net . . . . .   | 4,430,754              | (7,847,279)          |
|   | <u>\$111,800,297</u>   | <u>\$106,943,394</u> |

## accountants' report

Board of Directors and Shareholders  
Eaton Yale & Towne Inc.  
Cleveland, Ohio

We have examined the statement of financial position of Eaton Yale & Towne Inc. and consolidated subsidiaries as of December 31, 1966, and the related statements of income and earnings retained for use in the business and source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying statements of financial position, income and earnings retained for use in the busi-

ness, and source and application of funds present fairly the financial position of Eaton Yale & Towne Inc. and consolidated subsidiaries at December 31, 1966, the results of their operations and the source and application of funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Cleveland, Ohio  
February 10, 1967

*Ernst & Ernst*



# 10 year financial summary

EATON YALE & TOWNE INC. and Consolidated Subsidiaries

## yearly results

| Year                | Net Sales            | Income Before Taxes | Income Taxes        | Net Income          | Per Common Share <sup>(1)</sup> |               | Depreciation and Amortization | Expenditures For Plant and Equipment <sup>(2)</sup> |
|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------------------|---------------|-------------------------------|---|
|                     |                      |                     |                     |                     | Net Income                      | Dividends     |                               |   |
| <b>1966</b>         | <b>\$795,610,304</b> | <b>\$97,921,150</b> | <b>\$46,525,000</b> | <b>\$51,396,150</b> | <b>\$3.45</b>                   | <b>\$1.21</b> | <b>\$18,052,791</b>           | <b>\$43,460,652</b>                                 |
| 1965                | 701,706,918          | 85,331,924          | 41,572,000          | 43,759,924          | 2.95                            | 1.08          | 15,075,303                    | 31,354,544  |
| 1964                | 559,435,000          | 64,478,362          | 32,142,000          | 32,336,362          | 2.18                            | .95           | 11,717,811                    | 18,397,645  |
| 1963                | 487,165,861          | 52,608,065          | 28,071,000          | 24,537,065          | 1.66                            | .90           | 12,180,613                    | 12,906,724  |
| 1962 <sup>(3)</sup> | 286,571,964          | 30,512,188          | 16,275,000          | 14,237,188          | 1.41                            | .90           | 7,643,032                     | 10,813,146  |
| 1961 <sup>(3)</sup> | 236,641,727          | 20,411,000          | 10,875,000          | 9,536,000           | .95                             | .90           | 7,410,985                     | 3,696,305   |
| 1960 <sup>(3)</sup> | 253,472,301          | 20,756,621          | 10,012,000          | 10,744,621          | 1.12                            | .90           | 7,260,489                     | 9,941,988   |
| 1959 <sup>(3)</sup> | 287,332,079          | 36,667,807          | 19,399,000          | 17,268,807          | 1.80                            | .95           | 6,934,023                     | 6,711,851   |
| 1958 <sup>(3)</sup> | 197,836,672          | 16,570,767          | 8,615,000           | 7,955,767           | .87                             | .75           | 7,352,472                     | 5,153,736   |
| 1957 <sup>(3)</sup> | 221,844,339          | 21,839,720          | 10,772,000          | 11,067,720          | 1.51                            | .75           | 6,739,552                     | 11,409,540  |

<sup>(1)</sup>—Net income per common share (computed after giving effect in 1963 and subsequent years to annual preferred dividend requirements) and shareholders' equity per common share are based on shares outstanding at the year end. Dividends per share are based on shares outstanding at dividend dates. Shares outstanding for years prior to 1959 and for years prior to 1966 have been increased to give effect to the



## year end position

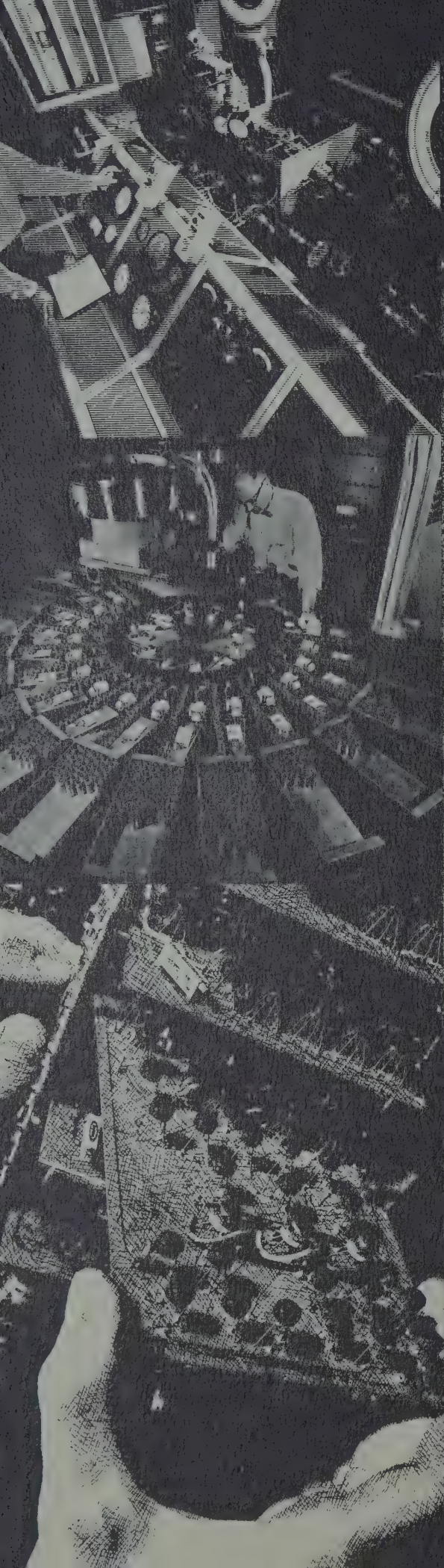
| Year                | Working Capital      | Plant and Equipment Gross | Plant and Equipment Net | Total Retained Earnings | Total Shareholders' Equity | Common Shares Outstanding <sup>(1)</sup> | Shareholders' Equity Per Common Share <sup>(1)</sup> |
|---------------------|----------------------|---------------------------|-------------------------|-------------------------|----------------------------|--|--|
| <b>1966</b>         | <b>\$174,430,627</b> | <b>\$296,433,520</b>      | <b>\$156,626,913</b>    | <b>\$223,042,989</b>    | <b>\$299,621,893</b>       | <b>14,702,427</b>                        | <b>\$19.45</b>                                       |
| 1965                | 165,256,308          | 255,293,152               | 128,462,412             | 190,090,829             | 265,622,123                | 14,601,002                               | 17.21  |
| 1964                | 157,925,640          | 203,205,099               | 99,445,556              | 171,583,851             | 245,836,488                | 14,515,042                               | 15.95  |
| 1963                | 141,524,764          | 193,600,485               | 94,283,552              | 153,682,262             | 226,558,041                | 14,412,762                               | 14.72  |
| 1962 <sup>(3)</sup> | 59,400,930           | 113,117,374               | 63,978,717              | 93,560,753              | 133,463,112                | 10,126,180                               | 13.17  |
| 1961 <sup>(3)</sup> | 57,497,956           | 124,971,635               | 61,309,154              | 88,422,723              | 127,813,478                | 10,078,904                               | 12.68  |
| 1960 <sup>(3)</sup> | 52,927,373           | 121,686,779               | 63,445,409              | 84,816,822              | 120,656,969                | 9,627,620                                | 12.53  |
| 1959 <sup>(3)</sup> | 54,217,365           | 114,498,855               | 60,827,399              | 82,720,431              | 118,169,140                | 9,590,848                                | 12.32  |
| 1958 <sup>(3)</sup> | 44,265,654           | 107,971,933               | 59,875,768              | 74,536,041              | 104,133,991                | 9,190,216                                | 11.33  |
| 1957 <sup>(3)</sup> | 32,321,240           | 92,804,050                | 55,874,243              | 66,294,460              | 88,967,069                 | 7,352,176                                | 12.10  |

*two-for-one stock splits effective September 30, 1959 and July 15, 1966, respectively.*

*(2)—Does not include plant and equipment obtained through the acquisition of other businesses or added through the inclusion in 1965 of previously unconsolidated subsidiaries.*

*(3)—Not adjusted to reflect subsequent pooling of interests acquisitions.*







# technology for tomorrow

Industrial research and development is a unique concept within the scientific community. It must look constantly to the future yet remain profit oriented. Eaton Yale & Towne has for years pursued this concept with a steadily growing research and development effort aimed at very specific business objectives. Experience has shown that highly engineered products are most likely to have a significant profit life span, and that research to develop such products becomes increasingly more complex as advances in technology continue to accelerate.

There is never a shortage of research projects — success lies in picking the worthwhile ones. Because of the multitude of markets Eaton Yale & Towne now serves, a diversity of products is continually under development — a diversity which brings into play many scientific disciplines such as applied mechanics, biomechanics, cybernetics, electrical, mechanical and metallurgical engineering, fluidics and electronics. Then, to these scientific disciplines there is applied the test of profitability since the ultimate effectiveness of industrial research and development must always be measured against commercial objectives. Successful product development is the most important criterion of worthwhile industrial research and a clear-cut measure of its creativity.

Each division and subsidiary of Eaton Yale & Towne is charged with the responsibility for its own growth and profitability. To assure this growth, many of the Com-

pany's line operations maintain their own engineering laboratories. In addition, it is the responsibility of the central research staff to provide the planning services, engineering skills, and physical facilities which complement those at the divisional level. To assist the divisions in new product research and the improvement of existing product lines, the Company operates four specialized research and engineering facilities.

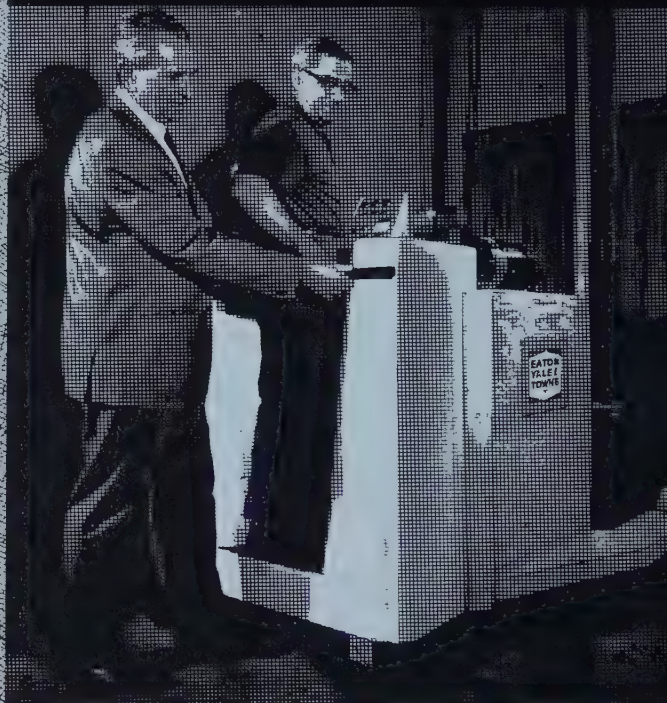
In addition, Eaton Yale & Towne places strong emphasis on advancing its competitive position through improved manufacturing facilities and techniques. To accomplish this, manufacturing research specialists advise the divisions on automation development, manufacturing processes and methods improvement.

All of the Company's research and development facilities and engineering laboratories — so vital to corporate growth — are staffed with dedicated creative engineers working with a management group which acts as a catalyst in bringing together imagination and innovation.

*When the engineers ask why things are as they are — when they are dissatisfied with the status quo — when engineers ask why it can't be done — when they believe anything and everything can be improved . . .*

*. . . this is the environment in which industrial research at Eaton Yale & Towne leads to better ways . . . this is the motivation which results in commercially successful products . . . this is technology for tomorrow.*





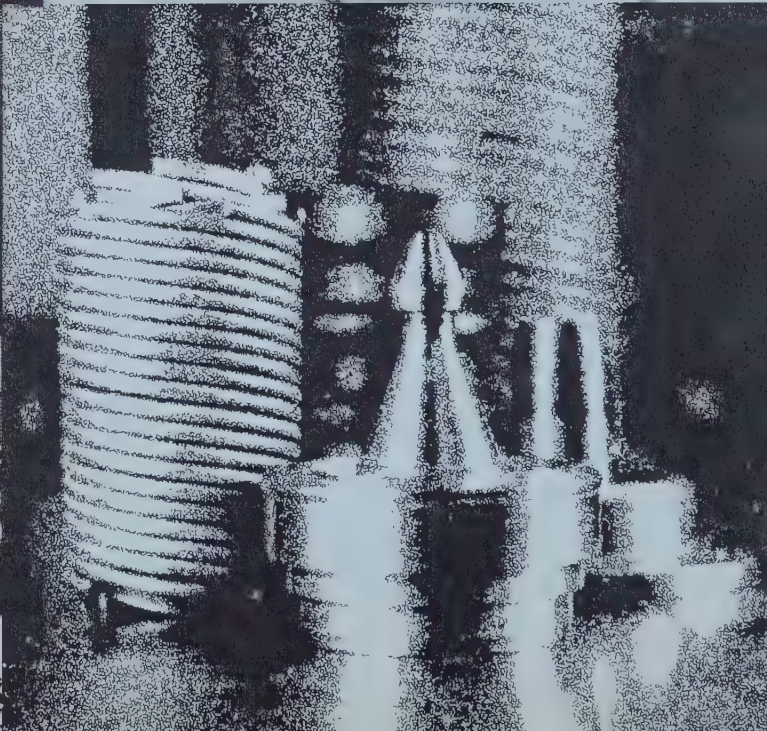
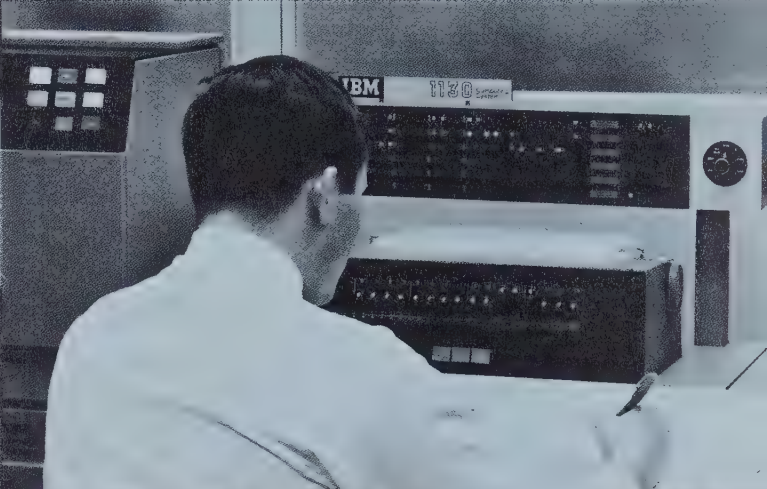
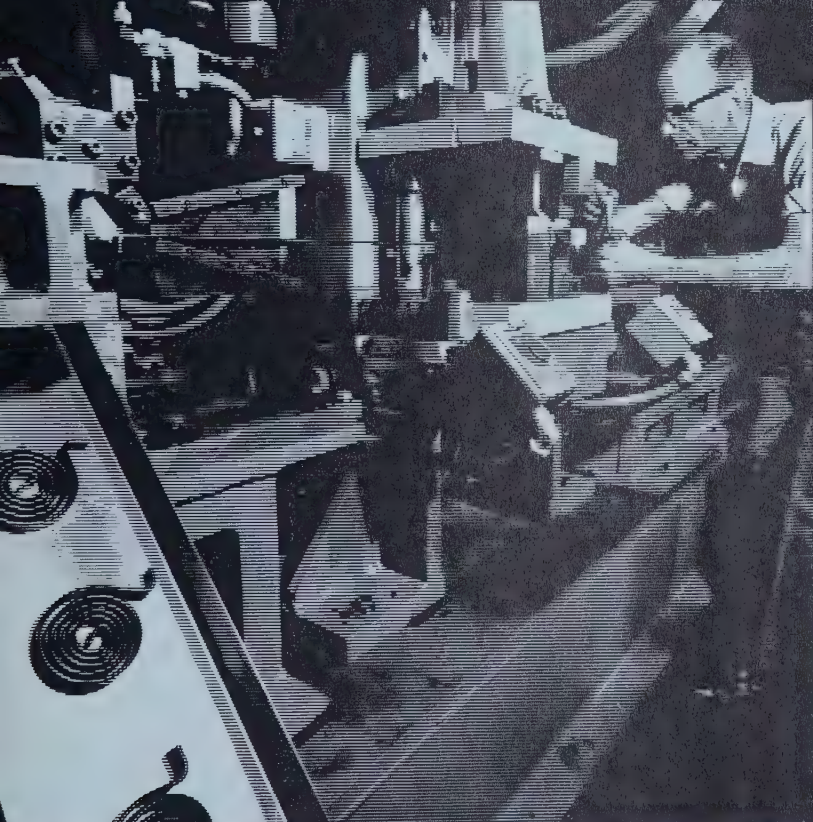
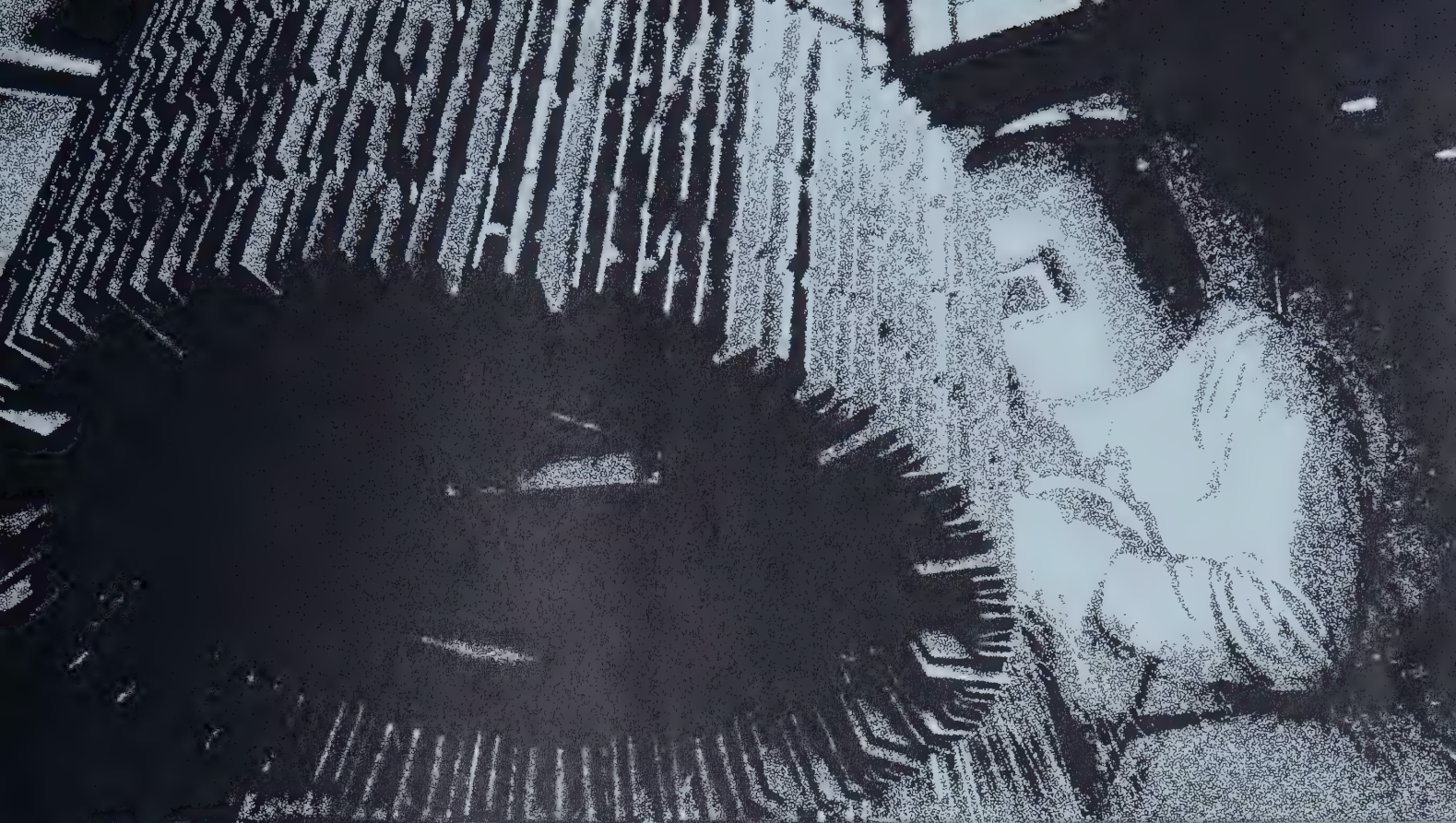
### *new products — new profits*

In-depth research, the key to new products that will insure new profits in the years ahead, demands that the research engineer be competent in every facet of product development.

The development process is long, arduous and at times frustrating. Metallurgical analysis, drafting room layout, computer processing, model building, prototype construction, field testing, automation engineering—each step in the process is equally important.

Ultimate satisfaction comes when a well-engineered, thoroughly proved new member is added to the Company's roster of over three thousand high quality, commercially successful products.







*"... now we're pulling out of the bank at full throttle."*

Riding piggy-back, the test engineer makes a voice recording of the front end loader's every move while its loads and stresses are automatically taped by a multitude of special purpose recorders.

In the decades ahead there are vast interwoven fields of technology to be explored — fields which even ten years ago were unheard of and yet today form the foundation for many of the Company's new and improved products. One of the most promising areas to many Eaton Yale & Towne divisions and subsidiaries is the use of semi-conductors and solid-state electronics.

Since the invention of the transistor, control system technology has entered a new age of sophistication from which many of the Company's operations are deriving commercial benefits.

Solid-state electronic controls are widely utilized in the materials handling field. New lift trucks have been developed with efficient, infinitely variable controls permitting faster lift and travel speeds. Hoisting equipment also has been improved. Loads can now be handled more precisely and fragile materials transported more safely. The Company is also benefiting from the intra-Company cooperation of several divisions and central research facilities to adapt adjustable speed drives and controls to hoisting equipment.

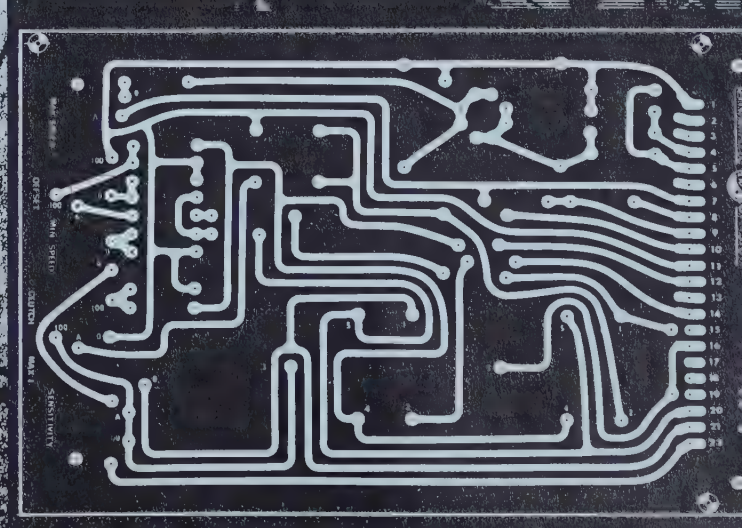
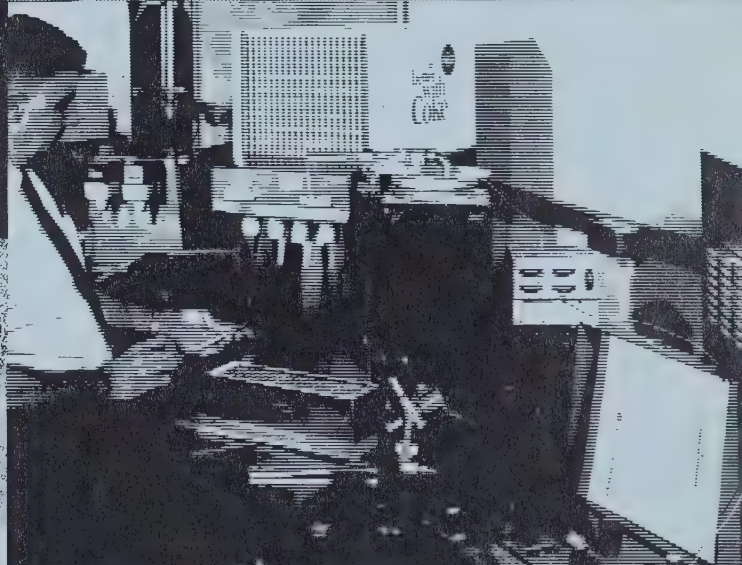
In other fields, the application of solid-state controls has simplified, and lowered the cost of, electrical circuitry and has materially aided the Company in the development of a line of DC motors. Electronics technology has also contributed to the development of controls for major appliances, data processing equipment and

photo-copier machines, as well as for highly complex automatic weighing systems for the materials handling, agricultural and processing industries.

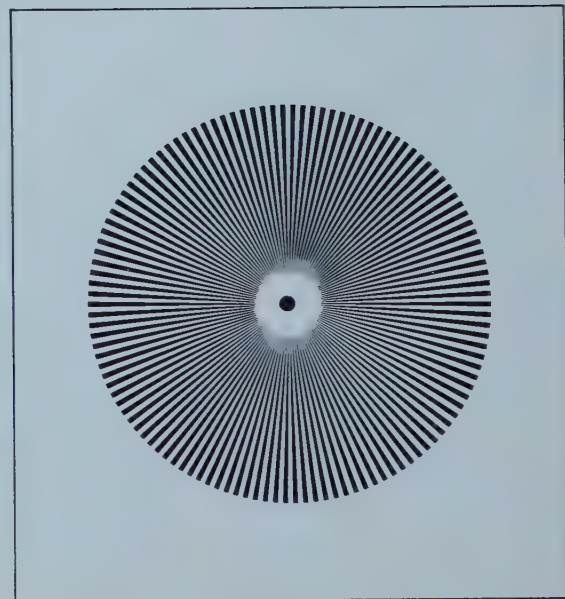
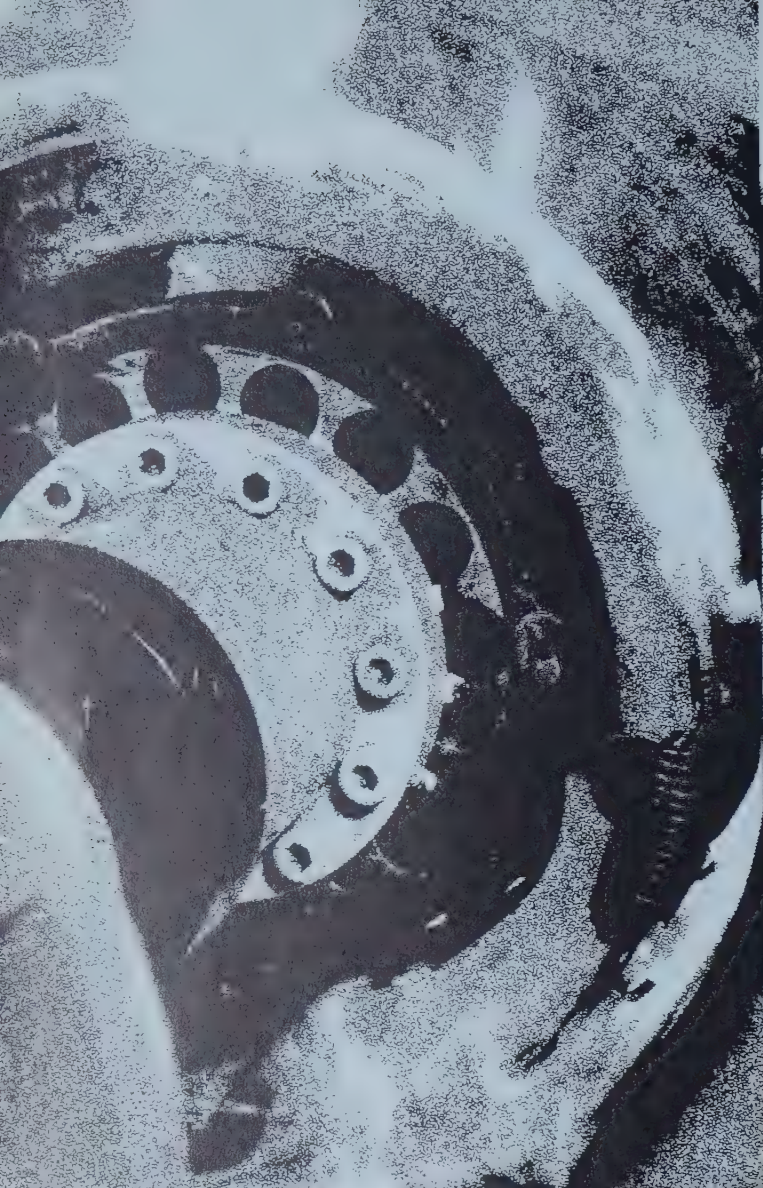
Solid-state electronics has made important changes in the methods and techniques employed in the testing of new products. Long before a new product reaches the production stage, its performance, reliability, endurance, safety and, most importantly, its commerciality will have been proved beyond all reasonable doubt. Testing has always taken many forms, with mathematical analysis, laboratory testing and field testing being just a few. Today, more and more pretesting evaluations are being assigned to the computer. At Eaton Yale & Towne, computers are used in engineering data analysis and for testing newly engineered components, even before they reach the laboratory.

Instrumented testing in the laboratory is an essential part of new product development. Improved circuitry and controls have shortened test times and made possible new procedures, new fixtures and new methods of analysis. Products which must eventually be tested in the field have especially benefited from the miniaturization made possible by solid-state controls. Vehicles are now more thoroughly instrumented for road testing. Off-the-road equipment is tortured under the worst operating conditions with the assurance that all results of the tests are recorded for future analysis.

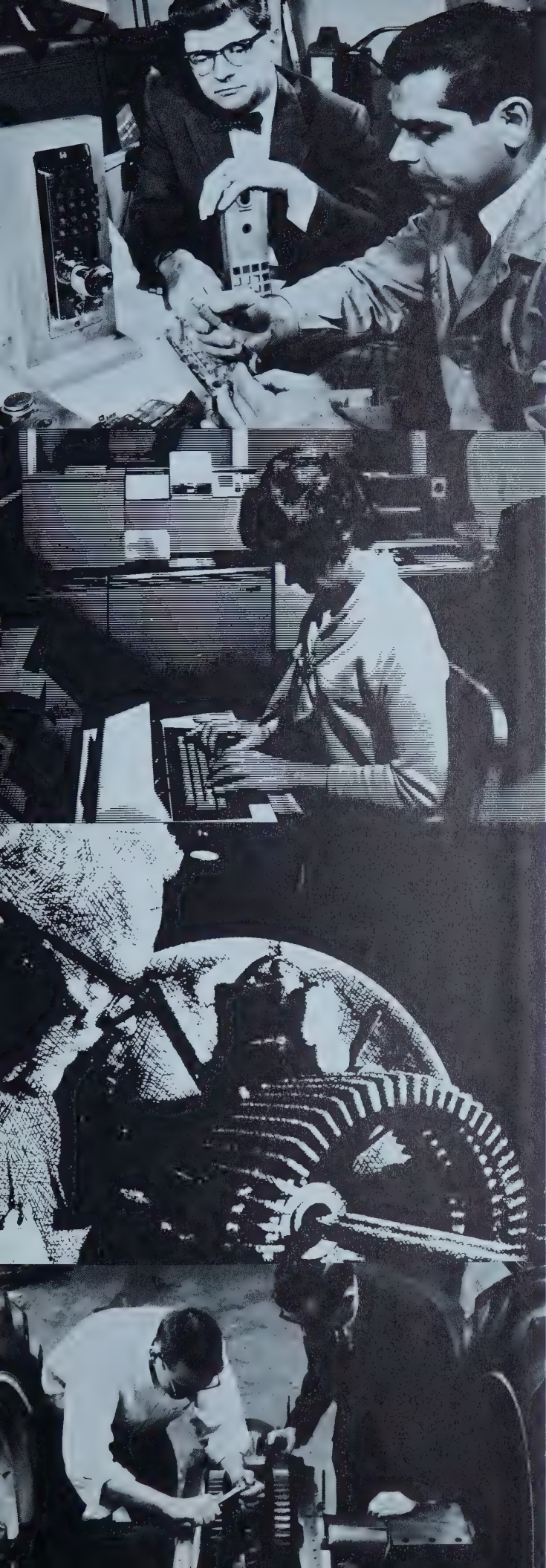












**Vehicle safety** — a subject uppermost in the minds of many today — is no newcomer to Eaton Yale & Towne. For over twenty years the Company has contributed significantly to the progress of vehicle safety beginning with pioneer work on passenger car power steering. Since then the safety program has continued with the development of such products as a road speed control system, a truck hydraulic retarder, and new tire valves for double-wall safety tires.

During 1966 the testing of a new type of braking system for U.S. passenger cars moved from the laboratory to the proving ground. Dramatic braking tests on specially prepared slick pavement have shown that the system offers controlled stops under the most adverse road conditions.

Progress has been made in developing an energy absorbing system for passenger cars. Applying the relatively new sciences of bio-mechanics and cybernetics, engineers are working on a system which is expected to afford collision protection to driver and passengers.

While truck safety has not received the degree of publicity afforded the passenger car, projects in this field are also of great importance to Eaton Yale & Towne. Extensive facilities are devoted to designing and testing improved truck brakes, axles and transmissions, and other truck components. Brake linings burst into spectacular flames as they are tortured to destruction in the dynamometer laboratory. Engineers in trucks of many types are on the road at all hours verifying the findings of their laboratory colleagues.

**People** determine the commercial success of new products and ultimately the Company's growth.

At the central research and development facilities and at the many division and subsidiary laboratories, dedicated specialists are at work in every field of endeavor important to industrial research and development.

The Company's engineers and research administrators hold degrees in every engineering discipline, plus the fields of administration, library science, industrial psychology, industrial management and the liberal arts.

Supporting the engineering staff, and in a real sense partners in the research and development effort, are the skilled craftsmen, the technicians, the secretarial staff and the other personnel necessary to carry forward Eaton Yale & Towne's *technology for tomorrow*.



# divisions, subsidiaries and research centers

## EATON YALE & TOWNE INC. and Consolidated Subsidiaries

### TRUCK AND OFF-HIGHWAY COMPONENTS GROUP

General Offices: Cleveland, Ohio

EATON AXLE DIVISION  
Cleveland, Ohio

EATON MARION DIVISION  
Marion, Ohio

FULLER TRANSMISSION DIVISION  
Kalamazoo, Michigan

SHULER AXLE DIVISION  
Louisville, Kentucky

UNIT DROP FORGE DIVISION  
Milwaukee, Wisconsin

#### International Operations

EATON AXLES FRANCE, S.A.  
Le Vesinet, France

EATON AXLES LIMITED  
Warrington, England

EATON EJES, I.C.S.A.  
Buenos Aires, Argentina

EATON-FULLER AUSTRALIA PTY. LIMITED  
Sydney, N.S.W., Australia

EATON IBERICA, S.A.  
Pamplona, Spain

EATON YALE & TOWNE LTDA., *Fuller Transmission Division*  
Sao Paulo, Estado S.P., Brazil

EATON YALE & TOWNE (U.K.) LIMITED, *Axle Division*  
Aycliffe, Darlington, England

EATON YALE & TOWNE (U.K.) LIMITED, *E.N.V. Gear Division*  
Willesden, London, N. W. 10, England

EATON YALE & TOWNE (U.K.) LIMITED, *St. Albans Division*  
St. Albans, Hertfordshire, England

EATON YALE & TOWNE (U.K.) LIMITED, *Transmission Division*  
Walkden, Manchester, England

### CONSTRUCTION EQUIPMENT

Offices: Batavia, New York

TROJAN DIVISION  
Batavia, New York

CANADIAN CONSTRUCTION EQUIPMENT DIVISION  
St. Catharines, Ontario, Canada

#### International Operations

EATON YALE & TOWNE LTDA.,  
*Yale Construction Equipment Division*  
Sao Paulo, Estado S.P., Brazil

YALE & TOWNE G.m.b.H., *Yale Tractor Shovel Division*  
Velbert/Rhineland, West Germany

YALE TRACTOR SHOVEL DIVISION  
Wednesfield, Staffordshire, England

### GENERAL PRODUCTS GROUP

General Offices: Cleveland, Ohio

CLEVELAND WORM & GEAR DIVISION  
Cleveland, Ohio

DILL DIVISION  
Cleveland, Ohio

THE DILL MANUFACTURING COMPANY OF CANADA LIMITED  
Toronto, Ontario, Canada

DYNAMATIC DIVISION  
Kenosha, Wisconsin

EATON AUTOMOTIVE GEAR DIVISION  
Richmond, Indiana

EATON FOUNDRY DIVISION  
Vassar, Michigan

EATON HEATER DIVISION  
Cleveland, Ohio

FARVAL DIVISION  
Cleveland, Ohio

MECHANICAL POWER TRANSMISSION DIVISION  
Kenosha, Wisconsin

RELIANCE DIVISION  
Massillon, Ohio

### AUTOMOTIVE PRODUCTS GROUP

General Offices: Southfield, Michigan

EATON AUTOMOTIVE CANADA LIMITED  
London, Ontario, Canada

EATON MARINE DIVISION  
Warren, Michigan

EATON MARSHALL DIVISION  
Marshall, Michigan

EATON PRECISION PRODUCTS CANADA LIMITED  
Wallaceburg, Ontario, Canada

EATON SAGINAW DIVISION  
Saginaw, Michigan

EATON SPRING DIVISION  
Detroit, Michigan

EATON SPRINGS CANADA LIMITED  
Chatham, Ontario, Canada

EATON VALVE DIVISION  
Battle Creek, Michigan

#### International Operations

COMPANIA METALURGICA ARGENTINA A.E., I.C.S.A.  
Buenos Aires, Argentina

EATON AUSTRALIA PTY. LIMITED  
Lidcombe, N.S.W., Australia

EATON LIVIA S.p.A.  
Turin, Italy

EATON S.A.  
Sao Paulo, Estado S.P., Brazil



# Timberjack Machines Ltd.

## Woodslock, Ont.

### LOCK AND HARDWARE GROUP

General Offices: Rye, New York

CANADIAN LOCK AND HARDWARE DIVISION  
Etobicoke, Ontario, Canada

CHALLENGER LOCK AND HARDWARE DIVISION  
Anaheim, California

NORTON DOOR CLOSER DIVISION  
Bensenville, Illinois

REED DOOR DEVICES DIVISION  
Wood Dale, Illinois

TOWNE HARDWARE DIVISION  
New York, New York

YALE BANK SERVICE DIVISION  
Rye, New York

YALE LOCK AND HARDWARE DIVISION  
Rye, New York

#### International Operations

YALE G.m.b.H.  
West Berlin, West Germany

YALE LOCKS AND HARDWARE DIVISION  
Willenhall, Staffordshire, England

YALE S.p.A.  
Rome, Italy

YALE & TOWNE G.m.b.H., *Lock and Hardware Division*  
Velbert/Rhineland, West Germany

### MATERIALS HANDLING GROUP

General Offices: Cleveland, Ohio

AUTOMATIC LIFT TRUCK DIVISION  
Chicago, Illinois

CANADIAN MATERIALS HANDLING DIVISION  
St. Catharines, Ontario, Canada

SALEM DIVISION  
Salem, Virginia

YALE HOISTING EQUIPMENT DIVISION  
Forrest City, Arkansas

YALE MATERIALS HANDLING DIVISION  
Philadelphia, Pennsylvania

#### International Operations

EATON YALE & TOWNE LTDA.,  
*Yale Materials Handling Equipment Division*  
Sao Paulo, Estado S.P., Brazil

YALE MATERIALS HANDLING EQUIPMENT DIVISION  
Wednesfield, Staffordshire, England

YALE & TOWNE G.m.b.H.,  
*Materials Handling Equipment Division*  
Velbert/Rhineland, West Germany

### THE DOLE VALVE COMPANY

General Offices: Morton Grove, Illinois

THE DOLE VALVE COMPANY OF CANADA, LIMITED  
Oakville, Ontario, Canada

KITCO ENGINEERING & MANUFACTURING COMPANY  
Bluffton, Indiana

TEMPRITE PRODUCTS CORPORATION  
Troy, Michigan

CORDLEY & HAYES  
Troy, Michigan

#### International Operations

CONSTRUCTIONS INDUSTRIELLES ET MECANIKES (C.I.M.)  
Monaco

### ASSOCIATE COMPANIES

ALLIGATOR VENTILFABRIK GmbH  
Giengen/Brenz, Wurttemberg, West Germany

CERRADURAS DE COLOMBIA S.A.  
Bogota, Colombia

EATON MANUFACTURERA S.A.  
Toluca, Estado de Mexico, Mexico

EATON YALE DE MEXICO, S.A.  
Toluca, Estado de Mexico, Mexico

HOBOURN-EATON MANUFACTURING COMPANY, LTD.  
Strood, Rochester, England

MANUFACTURAS LOCK S.A.  
Mexico, D.F., Mexico

TOLEDO WOODHEAD SPRINGS LIMITED  
Aycliffe, Darlington, England

### INTERNATIONAL MARKETING OPERATIONS

EATON MANUFACTURING S.A.  
Geneva, Switzerland

EATON YALE & TOWNE INTERNATIONAL, INC.  
Zug, Switzerland

### EATON YALE & TOWNE CREDIT CORPORATION

General Offices: Cleveland, Ohio

### RESEARCH & DEVELOPMENT

RESEARCH CENTER  
Southfield, Michigan

TECHNICAL CENTER  
South Euclid, Ohio

HARDWARE DESIGN AND DEVELOPMENT CENTER  
Rye, New York

MATERIALS HANDLING ADVANCED ENGINEERING CENTER  
Philadelphia, Pennsylvania



# officers

|                                |  |
|--------------------------------|--|
| John C. Virden . . . . .       | Chairman of the Board                                  |
| E. L. Ludvigsen . . . . .      | President  |
| R. G. Allan . . . . .          | Vice President-Construction Equipment                  |
| Malcolm Daisley . . . . .      | Vice President-Industrial Relations                    |
| E. M. de Windt . . . . .       | Executive Vice President-Operations                    |
| W. Ross Eames . . . . .        | Vice President-Engineering                             |
| Elmer F. Franz . . . . .       | Vice President and Controller                          |
| F. I. Goodrich . . . . .       | Vice President-Administrative, Corporate Services      |
| Paul R. Hartig . . . . .       | Group Vice President, Materials Handling Equipment     |
| Raymond G. Hengst . . . . .    | Vice President and General Counsel                     |
| H. S. Ide, Jr. . . . .         | Vice President-Administrative and Treasurer            |
| Howard R. Johnson . . . . .    | Group Vice President, Automotive Products              |
| Wm. A. Mattie . . . . .        | Group Vice President, General Products                 |
| F. E. O'Callaghan, Jr. . . . . | Group Vice President, Truck and Off-Highway Components |
| Robert C. Ochs . . . . .       | Vice President, Truck and Off-Highway Components Group |
| Leo J. Pantas . . . . .        | Group Vice President, Locks and Hardware               |
| John F. Romans . . . . .       | Vice President-Manufacturing Services                  |
| Herbert E. Rudy . . . . .      | Vice President-Marketing Services                      |
| Louis A. Selin . . . . .       | Vice President, Automotive Products Group              |
| A. Clifford Thornton . . . . . | Vice President-Administration Services                 |
| H. A. Williams . . . . .       | Vice President-Purchases                               |
| Melvin C. Arnold . . . . .     | Secretary  |

## transfer agents

### Common Shares

The Cleveland Trust Company  
Cleveland, Ohio 44101

Bankers Trust Company  
New York, New York 10015

Shares listed on the New York, Midwest  
and Detroit Stock Exchanges

### Preferred Shares

The Cleveland Trust Company  
Cleveland, Ohio 44101

Chemical Bank New York Trust Company  
New York, New York 10017

Shares listed on the New York Stock Exchange





## directors

The Board of Directors of Eaton Yale & Towne Inc. at the close of 1966, shown in the photograph, (starting at lower left and going clockwise) are:

C. Sherwood Munson, Jr.\*†  
*President, American European Securities Company*

Raymond Q. Armington†  
*President, The Triax Company*

Eric W. Passmore\*  
*Attorney at Law, Milwaukee, Wisconsin*

E. L. Ludvigsen  
*President*

Daniel Dewey†  
*former Vice President of the Company*

Charles E. Hamilton\*  
*former President of Automotive Gear Works, Inc.*

John L. Dole  
*former Chairman of the Board,  
The Dole Valve Company*

Logan Monroe  
*Vice President-Administrative*

Raymond F. Evans\*  
*Chairman of the Board, Diamond Alkali Company*

Walker L. Cisler\*  
*Chairman of the Board, Detroit Edison Company*

John P. McWilliams\*  
*Chairman of the Executive Committee,  
The Youngstown Steel Door Company*

John C. Virden\*†  
*Chairman of the Board*

H. L. Pierson\*  
*Chairman of the Board, Dura Corporation*

Ellery Sedgwick, Jr.\*  
*Chairman of the Board,  
Medusa Portland Cement Company*

Walther H. Feldmann†  
*Chairman of the Board, Worthington Corporation*

Two Directors elected effective January 1, 1967 (not shown in the photograph) are:

E. M. de Windt  
*Executive Vice President-Operations*

F. I. Goodrich  
*Vice President-Administrative, Corporate Services*

Logan Monroe retired as a Director and Vice President-Administrative, effective December 31, 1966.

\*Executive Committee

†Finance Committee

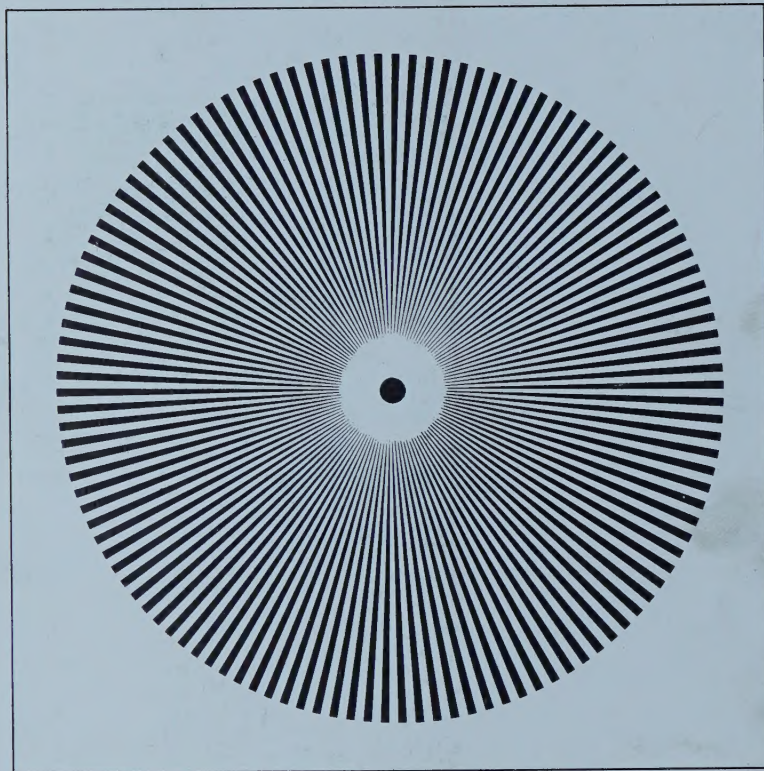












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